
SUNCOAST SCHOOL FOR INNOVATIVE STUDIES, INC.

INDEPENDENT AUDITOR'S REPORT

AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

MARK ESCOFFERY, P.A.
CERTIFIED PUBLIC ACCOUNTANT

SUNCOAST SCHOOL FOR INNOVATIVE STUDIES, INC.

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INDEPENDENT AUDITOR'S REPORT

To the Board Members of Suncoast School for
Innovative Studies, Inc.
Sarasota, Florida

Opinion

I have audited the accompanying Financial Statements of the governmental activities, and each major fund, of Suncoast School for Innovative Studies, Inc. ("the School") (a nonprofit organization) a component unit of the District School Board of Sarasota County as of and for the year ended June 30, 2023 which collectively comprise the School's basic financial statements as listed in the foregoing Table of Contents.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the school and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. I am required to be independent of Suncoast School for Innovative Studies, Inc. and to meet my other ethical responsibilities in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Suncoast School for Innovative Studies, Inc 's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not absolute

assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, I:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Suncoast School for Innovative Studies, Inc 's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Suncoast School for Innovative Studies, Inc 's ability to continue as a going concern for a reasonable period of time.

I am required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that I identified during the audit.

Report on Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information on pages 3 through 6 and 12 and 13 are presented to supplement the basic financial statements. Such information although not part of the basic financial statements, is required by the Governmental Accounting Standard Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America., which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge we obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.



Palm Beach Gardens, Florida
September 15, 2023

SUNCOAST SCHOOL FOR INNOVATIVE STUDIES, INC.
MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2023

Our discussion and analysis of Suncoast School for Innovative Studies School, Inc.’s (“the School”) financial program provides an overview of the School’s financial activities for the year ended June 30, 2023.

Because the information contained in this discussion is intended to highlight significant transactions, it should be read in conjunction with the School’s financial statements, which begin on page 7.

For financial statement purposes the School is considered a component unit of the District School Board of Sarasota County, which is a primary government entity for financial reporting. The School used the option to present the governmental standards and fund statement on the same page. The Statement of Net Position and the Statement of Activities report provides information on the activities of the School. The fund financial statements reflect financing activities of the School by providing information on inflows and outflows of spendable resources.

NON FINANCIAL HIGHLIGHTS

The School’s average daily enrollment for fiscal year ended June 30, 2023 was 137 students. This was the 103 less than budgeted. The School expects to have an enrollment of 160 students for the school year 2023-2024.

OVERVIEW OF THE FINANCIAL STATEMENTS

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the School’s financial position. The statements use the accrual basis of accounting and include all assets and liabilities. All of the current year’s revenues are recorded when received and the current year’s expenses are recorded when incurred.

The Statement of Net Position presents information on all of the School’s assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the School is improving or deteriorating.

The Statement of Activities presents information showing how the government’s net position changed during the most recent fiscal year. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows.

Fund Financial Statements

A *Fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives.

Governmental Funds – All of the School’s basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash.

SUNCOAST SCHOOL FOR INNOVATIVE STUDIES, INC.
MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2023

OVERVIEW OF THE FINANCIAL STATEMENTS (Cont’d.)

The governmental fund statements provide a detailed short-term view of the School’s governmental activities and the basic services it provides.

Notes to Financial statements

The *Notes to the Financial Statements* provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The Notes to the Financial Statements can be found on pages 16-22 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the School’s financial position. The School’s assets exceeded liabilities by \$369,415 at June 30, 2023. This is a decrease of \$213 ,457 from the prior year.

NET ASSETS

	<u>JUNE 30, 2023</u>	<u>JUNE 30, 2022</u>
Current and Other Assets	\$ 531,610	\$ 265,717
Capital Assets	907,550	406,494
Total Assets	<u>\$ 1,439,160</u>	<u>\$ 672,211</u>
Long-Term Liabilities	\$ 687,970	\$ -
Other Liabilities	381,775	89,339
Total Liabilities	<u>\$ 1,069,745</u>	<u>\$ 89,339</u>
Investment in Capital Assets, Net of Related Debt	\$ 49,980	\$ 406,494
Unrestricted	319,435	176,378
Total Net Position	<u>\$ 369,415</u>	<u>\$ 582,872</u>

Revenues from governmental activities totaled \$2,024,160 for the year ended June 30, 2023, a decrease of 15.7% over the prior year. The main source of revenue is from Florida Education Finance Program (FEFP). This revenue represented approximately 63.6% of total revenue compared to 56.9% in the prior year.

REVENUES

<u>Revenue Source</u>	<u>6/30/23</u>	<u>Percent of Total 6/30/23</u>	<u>6/30/22</u>	<u>Percent of Total 6/30/22</u>
State Sources	\$ 1,727,589	76.2	\$ 1,635,708	66.5
Federal Sources	296,571	13.1	706,996	28.8
Local Sources	243,560	10.7	116,166	4.7
Total	<u>\$ 2,267,720</u>	<u>100.0</u>	<u>\$ 2,458,870</u>	<u>100.0</u>

SUNCOAST SCHOOL FOR INNOVATIVE STUDIES, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Cont'd.)

Local revenue sources are primarily tuition fees and fund-raising efforts conducted by the Board of Directors and parents on behalf of the School.

Changes in levels of expenses for major functions of the School are shown in the following table:

	<u>6/30/23</u>	<u>% of Total 6/30/23</u>	<u>6/30/22</u>	<u>% of Total 6/30/22</u>
Instruction	\$ 1,049,377	42.3	\$ 1,270,312	45.7
Instruction Support Services	21,563	.9		
Board Services	20,602	.8	24,491	.9
Fiscal Services	1,909	.1	2,805	.1
General Administration	68,102	2.7	71,909	2.6
School Administration	450,556	18.2	609,132	21.8
Facilities Acquisition	197,178	7.9	170,646	6.1
Pupil Transportation	153,766	6.2	63,443	2.3
Operation of Plant	138,244	5.6	128,593	4.4
Plant Maintenance	267,284	10.8	327,412	11.8
Central Services	27,898	1.1	49,435	1.8
Interest Expense	5,764	.2	-	-
Depreciation	78,935	3.2	63,056	2.5
Total	<u><u>\$ 2,481,177</u></u>	<u><u>100.0</u></u>	<u><u>\$ 2,781,234</u></u>	<u><u>100.0</u></u>

BUDGETARY HIGHLIGHTS

State and Federal revenues were less than budgeted by approximately \$76,000 lower enrollment and a reduction in capital grants and contributions.

Operation and maintenance of Plant was approximately \$140,000 below budget due to lower enrollment, a decrease in insurance and overall cost cutting measure implemented over the year.

There was a surplus in the General Fund of \$319,435 at June 30, 2023.

CAPITAL ASSETS

The School's investment in capital assets at June 30, 2023 was \$907,550 (net of accumulated depreciation). This investment includes leasehold improvements, furniture and equipment, right of use asset, and motor vehicle. The School's investment in capital assets for the year ended June 30, 2023, was as follows:

Furniture and Equipment	\$ 640,669
Leasehold Improvements	582,437
Motor Vehicle	108,056
ROU Asset	513,389
Total	1,844,551
Less Accumulated Depreciation	937,001
Investment in Capital Assets	<u><u>\$ 907,550</u></u>

SUNCOAST SCHOOL FOR INNOVATIVE STUDIES, INC.
MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2023

CAPITAL ASSETS (Cont’d.)

Capital additions for the year totaled \$579,991. Depreciation expense was \$78,935.

LEASE LIABILITY

As a result of the implementation of ASC 842, a lease liability of \$504,452 has been recorded on the Statement of Net Position at June 30, 2023.

DEBT ADMINISTRATION

The School has a Line of Credit for up to \$300,000 with a local bank.

PROSPECTS FOR THE FUTURE

The School continues to receive funds from State sources in the form of Florida Education Finance Program Fees (FEFP). The fees are evaluated in October and February and are based on student enrollment.

- Administration believes that the School will continue to receive a higher rating from the Department of Education, based on test scores and academic achievement.
- The Administration believes that higher test scores will continue to be achieved because of investments in computer-based reading and math programs.
- The School should surpass its budgeted amount of 160 students for the 2023-2024 year.
- The Administration believes that the School will continue to progress and contribute to the educational needs of Sarasota County.

REQUESTS FOR INFORMATION

The Management’s and Discussion Analysis section provides a general overview of the finances of the School. Requests for additional information should be addressed to Sherika Evans, Principal, at 845 South School Avenue, Sarasota, Florida 34237.

SUNCOAST SCHOOL FOR INNOVATIVE STUDIES, INC.
Governmental Fund Balance Sheet (General Fund)
June 30, 2023

	<u>General Fund</u>
ASSETS	
Cash	\$ 111,012
Accounts Receivable	420,598
Total Assets	<u><u>\$ 531,610</u></u>
LIABILITIES	
Accounts Payable	132,036
Deferred Revenue	35,000
Payroll Liabilities	45,139
Total Liabilities	<u>212,175</u>
FUND BALANCE	
Unassigned	<u>319,435</u>
Total fund balances	<u>319,435</u>
Total Liabilities and Fund Balance	<u><u>\$ 531,610</u></u>

The accompanying notes are an integral part of this statement

SUNCOAST SCHOOL FOR INNOVATIVE STUDIES, INC.
STATEMENT OF NET POSITION
June 30, 2023

ASSETS	Account Number	Primary Government		
		Governmental Activities	Business-type Activities	Total
Cash and Cash Equivalents	1110	111,012		111,012
Accounts Receivable, Net	1130	420,598		420,598
Deferred Charges:				
Prepaid Items	1230	-		-
Deposits	1210	-		-
Capital Assets:				
Land	1310			
Buildings & Fixed Equipment	1330	582,437		582,437
Less Accumulated Depreciation	1329	(347,351)		(347,351)
Furniture, Fixtures and Equipment	1340	640,669		640,669
Less Accumulated Depreciation	1349	(558,733)		(558,733)
Motor Vehicles	1350	108,056		108,056
Less Accumulated Depreciation	1359	(30,917)		(30,917)
Right of Use Asset		677,077		677,077
Accumulated Amortization		(163,681)		
Total Assets		1,439,167		1,439,167
LIABILITIES				
Salaries and Wages Payable	2110	45,139		45,139
Accounts Payable	2120	132,036		132,036
Deferred Revenue	2130	35,000		35,000
Noncurrent Liabilities:				
Portion Due Within One Year:				-
Lease Payable		169,600		
Portion Due After One Year:				
Lease Payable	2170	334,852		334,852
Note Payable	2170	353,118		353,118
Total Liabilities		1,069,745		1,069,745
NET POSITION				
Invested in Capital Assets, Net of Related Debt		383,268		383,268
Restricted For:				
Categorical Carryover Programs	2710			
Debt Service	2750			
Unrestricted		319,435		319,435
Total Net Position		369,422		369,422

The accompanying notes are an integral part of this statement

SUNCOAST SCHOOL FOR INNOVATIVE STUDIES, INC.
Reconciliation of the Governmental Funds
6/30/2023
June 30, 2023

Fund Balance- Governmental Funds		\$ 319,435
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds</p>		
Governmental capital assets	\$	1,331,162
Right of use asset	\$	677,077
Less accumulated depreciation		(937,001)
Less accumulated amortization		(163,681)
		907,557
Long-Term Liabilities not due and payable in the current period and therefore are not reported in the governmental funds		(353,118)
Lease payable		(504,452)
Net Position of Governmental activities		\$ 369,422

The accompanying notes are an integral part of this statement

SUNCOAST SCHOOL FOR INNOVATIVE STUDIES, INC.
Statement of Governmental Fund Revenues, Expenditures and
6/30/2023
Year ended June 30, 2023

	<u>General Fund</u>	<u>Special Revenue</u>	<u>Capital Outlay</u>	<u>Total</u>
EXPENSES				
Instruction	\$ 752,806	\$ 296,571		\$ 1,049,377
Instruction Support Services	21,563			21,563
Board Services	20,602			20,602
General Administration	68,102			68,102
School Administration	450,556			450,556
Facilities Acquisition			163,681	163,681
Fiscal Services	1,909			1,909
Central Services	27,898			27,898
Pupil Transportation	153,766			153,766
Operation of Plant	238,343			238,343
Maintenance of Plant	267,284			267,284
Interest expense	39,260			39,260
TOTAL EXPENSES	2,002,829	296,571	163,681	2,463,081
PROGRAM REVENUES				
Florida Education Finance Program (FEFP)	1,442,251			1,442,251
Capital Grants and Contributions			92,664	92,664
Charges for Services				
Total Program Revenues	1,442,251	-	92,664	1,534,915
GENERAL REVENUES:				
Other Federal Sources		296,571		296,571
Other State Sources	192,674			192,674
Other Local Sources	209,277		34,283	243,560
Total General Revenues	401,951	296,571	34,283	732,805
Other Sources (uses)				
Transfers in	338,418			338,418
Transfers	(36,734)		36,734	-
Net Changes in Fund Balance	143,057	-		143,057
Fund Balance, Beginning of Year	176,378	-	-	176,378
Fund Balance, End of Year	\$ 319,435	\$ -	\$ -	\$ 319,435

The accompanying notes are an integral part of this statement

SUNCOAST SCHOOL FOR INNOVATIVE STUDIES, INC.
STATEMENT OF ACTIVITIES
June 30, 2023

FUNCTIONS	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities:					
Instruction	\$ 1,049,377	\$ -	\$ 489,245	\$ (560,132)	
Instruction Support Services	21,563			(21,563)	
Board Services	20,602			(20,602)	
General Administration	68,102			(68,102)	
School Administration	450,556			(450,556)	
Facilities Acquisition and Construction	163,681			(36,734)	
Fiscal Services	1,909			(1,909)	
Central Services	27,898			(27,898)	
Pupil Transportation	153,766			(153,766)	
Operation of Plant	138,244			(138,244)	
Maintenance of Plant	267,284			(267,284)	
Interest Expense	39,260			(39,260)	
Depreciation	78,935			(78,935)	
Total Governmental Activities	<u>2,481,177</u>	<u>-</u>	<u>489,245</u>	<u>126,947</u>	<u>(1,864,985)</u>
		General Revenues			
				State through local school district	1,442,251
				Miscellaneous revenues	209,277
				Total General revenues	<u>1,651,528</u>
				Change in net position	(213,457)
				Net position , beginning	582,872
				Net position, ended	<u>\$ 369,415</u>

The accompanying notes are an integral part of this statement

SUNCOAST SCHOOL FOR INNOVATIVE STUDIES, INC.
Statement of Revenues, Expenditures and Changes
In Fund Balance-Budget (GAAP Basis) and Actual
All Governmental Fund Types
For the Fiscal Year Ended June 30, 2023

	General Fund			Special Revenue			Capital Outlay			TOTAL		
	Original and Final Budget	Actual	Variance	Original and Final Budget	Actual	Variance	Original and Final Budget	Actual	Variance	Original and Final Budget	Actual	Variance
	EXPENDITURES:											
Instruction	\$ 985,955	\$ 752,806	\$ (233,149)	\$ -	\$ 296,571					\$ 985,955	\$ 1,049,377	\$ 63,422
Instructional support services	20,000	21,563	1,563							20,000	21,563	1,563
Board Services	27,120	20,602	(6,518)							27,120	20,602	(6,518)
General Administration	-	68,102	68,102							-	68,102	68,102
School Administration	523,188	450,556	(72,632)							523,188	450,556	(72,632)
Facilities Acquisition							170,000	163,681	(6,319)	170,000	163,681	(6,319)
Fiscal Services	2,805	1,909	(896)							2,805	1,909	(896)
Central Services	28,104	27,898	(206)							28,104	27,898	(206)
Pupil Transportation	128,169	153,766	25,597							128,169	153,766	25,597
Operation of Plant	320,775	238,343	(82,432)							320,775	238,343	(82,432)
Maintenance of Plant	324,738	267,284	(57,454)							324,738	267,284	(57,454)
			-							-	-	-
	2,360,854	2,002,829	(358,025)	-	296,571	-	170,000	163,681	(6,319)	2,530,854	2,463,081	(67,773)

The accompanying notes are an integral part of this statement

SUNCOAST SCHOOL FOR INNOVATIVE STUDIES, INC.
Statement of Revenues, Expenditures and Changes
In Fund Balance-Budget (GAAP Basis) and Actual
All Governmental Fund Types (Cont'd)
For the Fiscal Year Ended June 30, 2023

	General Funds			Special Revenue			Capital Outlay			TOTAL		
	Original and Final Budget	Actual	Variance	Original and Final Budget	Actual	Variance	Original and Final Budget	Actual	Variance	Original and Final Budget	Actual	Variance
PROGRAM REVENUES:												
Florida Education Finance Program	\$ 1,453,389	\$ 1,442,251	\$ (11,138)	\$ 323,492	\$ 296,571					\$ 1,453,389	\$ 1,442,251	\$ (11,138)
Capital Grants and Contributions							101,450	92,664	(8,786)	101,450	92,664	(8,786)
Charges for Services	19,377	-	(19,377)							19,377	-	(19,377)
	<u>1,472,766</u>	<u>1,442,251</u>	<u>(30,515)</u>		<u>296,571</u>		<u>101,450</u>	<u>92,664</u>	<u>(8,786)</u>	<u>1,574,216</u>	<u>1,534,915</u>	<u>(39,301)</u>
GENERAL REVENUES:												
Other Federal Sources		-		308,190	296,571	(11,619)				308,190	296,571	(11,619)
Other State Sources	251,957	192,674	(59,283)							251,957	192,674	(59,283)
Other Local Sources	176,000	209,277	33,277				35,317	34,283	(1,034)	176,000	209,277	33,277
	<u>427,957</u>	<u>401,951</u>	<u>(26,006)</u>	<u>308,190</u>	<u>296,571</u>	<u>(11,619)</u>	<u>35,317</u>	<u>34,283</u>	<u>(1,034)</u>	<u>736,147</u>	<u>698,522</u>	<u>(37,625)</u>
Excess of Expenditures over Revenues	<u>\$ (460,131)</u>	<u>\$ (158,627)</u>	<u>\$ 301,504</u>	<u>\$ 308,190</u>	<u>\$ -</u>	<u>\$ (11,619)</u>	<u>\$ (68,550)</u>	<u>\$ (36,734)</u>		<u>\$ (220,491)</u>	<u>\$ (229,644)</u>	<u>\$ (9,153)</u>
Transfers in		338,418										
Transfers out		(36,734)						\$ 36,734				
Fund Balance, Beginning of Year		<u>176,378</u>			<u>-</u>						<u>176,378</u>	
Fund Balance, End of year		<u>\$ 319,435</u>			<u>\$ -</u>			<u>\$ -</u>			<u>\$ 319,435</u>	

The accompanying notes are an integral part of this statement

SUNCOAST SCHOOL FOR INNOVATIVE STUDIES, INC.
Reconciliation of the Statement of Revenues,
of Governmental Funds To The
Statement of Activities
June 30, 2023

Net Changes in Fund Balances - Governmental Funds \$ 143,057

Amounts reported for governmental activities in the statement of net position are different because:

Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is depreciated over their estimated useful lives.

Expenditures for capital assets	66,602	
Less current year depreciation	(78,935)	
	(12,333)	(12,333)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the Governmental Funds.

Increase in Notes Payable (344,181)

Change in Net Position of Governmental Activities \$ (213,458)

The accompanying notes are an integral part of this statement

SUNCOAST SCHOOL FOR INNOVATIVE STUDIES, INC.
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR
ENDED JUNE 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Suncoast School for Innovative Studies, Inc. (“the School”) was established as a nonprofit organization in January 1998 under the laws of the State of Florida and is the reporting entity.

The School operates as a Charter School pursuant to a Charter School Contract (the “Contract”) with the School District of Sarasota County, Florida. Under the Contract, the School provides an integrated method of education by incorporating an experimental interdisciplinary curriculum, utilizing mentoring, multi-age classes and authentic assessment to children from kindergarten through eighth grade. For financial statement purposes the School is considered a component unit of the School District of Sarasota County, which is a primary government entity for financial reporting.

The School District of Sarasota County received 5% of the Florida Education Finance Program (FEFP) revenue as an administrative fee.

The Contract was renewed effective through June 2023. The Contract requires the School Board to provide the School’s primary source of funding based upon the number of full-time equivalent students (FTE’s) registered at the School.

The School is a tax-exempt organization under 501(c)(3) of the Internal Revenue Code.

The School’s financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Government Accounting Standards Board (GASB) is responsible for establishing GAAP for school districts through its pronouncements (statements and interpretations). The more significant accounting policies established in GAAP and used by the School are discussed below.

Basic Financial Statements

The School’s basic financial statements are the Statement of Net Position and the Statement of Activities. All the activities of the School are classified as governmental type activities. There are no business type activities of the School. All the School’s governmental type activities are included in the general fund. There are no other major funds. In the Statement of Net Position, the governmental activities column is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt obligations. The School’s net assets are reported in three parts – invested in capital assets, net of related debt; restricted for categorical carryover programs, debt service; and unrestricted net position.

The Statement of Activities reports both the gross and net cost of each of the School’s functions. The functions are also supported by government revenues such as Florida Education Finance Program (FEFP), Capital Outlay Funds and Federal Grants. The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function (after care and youth services, etc.). Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

SUNCOAST SCHOOL FOR INNOVATIVE STUDIES, INC.
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR
ENDED JUNE 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont’d.)

Fund Financial Statements

Fund financial statements are provided for governmental funds. The operations of the funds are accounted for in a separate set of self-balancing accounts that comprise its assets, liabilities, equity, revenues and expenditures. Major individual governmental funds are reported as separate columns in the fund financial statements:

General Fund - is the School’s primary operating fund. It accounts for all financial resources of the School, except those required to be accounted for in another fund.

Special Revenue Fund – accounts for specific revenue, such as federal grants that are legally restricted to expenditures for particular purposes.

Capital Outlay Fund – accounts for funds used to upgrade, acquire or improve capital assets.

Basis of Accounting

Basic of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounting and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

Accrual

The governmental type activities in the financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred. When both restricted and unrestricted resources are available for use, it is the policy of the School to use restricted resources first, then the unrestricted resources as they are needed.

Measurement Focus

The accounting and financial reporting treatment is determined by applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources (current assets less current liabilities) or economic resources (all assets and liabilities).

The Government wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet and operating statements present increases (i.e. revenues) and decreases (i.e. expenses) in net assets.

Governmental funds financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statement of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e. expenditures and other financial uses) in current net position.

SUNCOAST SCHOOL FOR INNOVATIVE STUDIES, INC.
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR
ENDED JUNE 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont’d.)

Measurement Focus (Cont’d.)

Under the modified accrual basis of accounting, revenues are recognized when they become measurable and available to finance expenditures of the fiscal period. For this purpose, the School considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles include the use of estimates that affect the financial statements. Accordingly, actual results could differ from those estimates.

Concentration of Credit Risk

Financial instruments that subject the School to concentrations of credit risk include cash and deposits. While the School attempts to limit its financial exposure, its cash balances may at times exceed federally insured limits. The School has not experienced any losses on such balances.

Cash deposits are held at banks qualified as public depositories under Florida law.

Contributed Services

The School does not recognize any support, revenue or expense from services contributed by individual volunteers because they do not meet the criteria for measurement.

Budgetary Basis of Accounting

Budgets are presented on the modified accrual basis of accounting. During the fiscal year expenditures were controlled at the object level (i.e., salaries, purchased services and capital outlay).

Capital Assets

Capital assets purchased or acquired with an original cost of \$500 or more are reported at historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Leasehold Improvements	10 Years
Furniture, Fixtures and Equipment	5-10 Years

SUNCOAST SCHOOL FOR INNOVATIVE STUDIES, INC.
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR
ENDED JUNE 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont’d.)

Program Revenue

Revenues for operations are received primarily from the School District of Sarasota County pursuant to the funding provisions included in the School’s Charter. In accordance with the funding provisions of the Charter and Section 1002.33, Florida Statutes, the School will report the number of full-time equivalent (FTE) students and related data to the School District of Sarasota County. Funding for the School is adjusted during the year to reflect the revised calculations by the Florida Department of Education under the Florida Education Finance Program and the actual weighted full-time equivalent students reported by the School during the designated full-time equivalent student survey periods. In addition, the School receives an annual allocation of charter school capital outlay funds.

General Revenue

These revenue funds include federal grants, state revenue other than Florida Education Finance Program revenue and local source revenue including capital improvement and fundraising.

Fund Balance Classifications

GASB requires the fund balance amounts to be properly reported within one of the fund balance categories listed below:

- a) **Nonspendable** fund balance includes amounts that are not in a spendable form such as inventories, prepaid expenses, long-term loans, notes receivable, and property held for resale (unless the proceeds are restricted, committed or assigned). There was no nonspendable fund balance at year end.
- b) **Restricted** fund balance includes amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally, or through enabling legislation. There was no restricted fund balance at year end.
- c) **Committed** fund balance includes amounts that can be used only for the specific purposes determined by a formal action of the School’s highest level of decision making authority. There was no committed fund balance at year end.
- d) **Assigned** fund balance includes amounts intended to be used by the School’s Management for specific purposes but which does not meet the criteria to be classified as restricted or committed. There was no assigned fund balance at year end.
- e) **Unassigned** fund balance includes amounts that are available for any purpose. These amounts are reported only in the general fund. There was an unassigned fund balance at year end.

SUNCOAST SCHOOL FOR INNOVATIVE STUDIES, INC.
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR
ENDED JUNE 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

Order of Fund Balance Spending Policy

The School's policy is to apply expenditures against nonspendable fund balance followed in order by restricted fund balance, committed fund balance, assigned fund balance, and lastly unassigned fund balance at the end of the fiscal year. The School's Board of Directors can deviate from this policy if it is in the best interest of the School.

Interfund transfers were made through general fund and special revenue and capital outlay purposes for rent of facilities. Total transfers between funds were \$424, 202.

Adoption of FASB ASC 842

Effective July 1, 2022, the School adopted FASB ASC 842, *Leases*. The new standard establishes a right of use (ROU) model that requires a lessee to record an ROU asset and a lease liability on the balance sheet for all leases with terms longer than 12 months.

Leases with a term of less than 12 months will not record a right of use asset and lease liability and the payments will be recognized into profit or loss on a straight-line basis over the lease term.

The School elected to adopt FASB ASC 842, *Leases*, using the optional transition method that allows the School to initially apply the new leases standard at the adoption date and recognize a cumulative effect adjustment to the opening balance of retained earnings in the period of adoption. As a result, the School reporting for the comparative period presented in the financial statements is in accordance with FASB ASC 840.

The School elected to adopt the package of practical expedients available under the transition guidance with the new standard. This package includes the following: relief from determination of lease contracts included in existing or expiring leases at the point of adoption, relief from having to reevaluate the classification of leases in effect at the point of adoption, and relief from reevaluation of existing leases that have initial direct costs associated with the execution of the lease contract. The School also elected to adopt the practical expedient to use hindsight to determine the lease term and assess the impairment of the right of use assets.

See Note 7 – Leases for a discussion of the impact of implementing FASB ASC 842, *Leases*.

NOTE 2 – FAIR VALUE MEASUREMENTS

The Fair Value Measurement Topic of the FASB Accounting Standards Codification defines fair value, establishes a consistent framework for measuring fair value within accounting principles generally accepted in the United States of America. The Organization's financial Assets, measured at fair value, include cash that is valued according to level 1, which is the highest level of measurement.

**SUNCOAST SCHOOL FOR INNOVATIVE STUDIES, INC.
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR
ENDED JUNE 30, 2023**

NOTE 3 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2023 was as follows:

	<u>Balance</u> <u>Beginning</u>		<u>Additions</u>		<u>Disposals</u>		<u>Balance</u> <u>Ending</u>
Leasehold							
Improvements	\$ 524,162	\$	58,275	\$		\$	582,437
Furniture, Fixtures and Equipment	632,342		8,327				640,669
Motor Vehicle	108,056		-				108,056
ROU Asset	-		513,389				513,389
	<u>1,264,560</u>		<u>579,991</u>				<u>1,844,551</u>
Less Accumulated Depreciation	858,066		78,935				937,001
Capital Net Assets	<u>\$ 406,494</u>	<u>\$</u>	<u>501,056</u>	<u>\$</u>		<u>\$</u>	<u>907,550</u>

Depreciation expense of \$78,935 was unallocated during the year ended June 30, 2023.

NOTE 4 – RECEIVABLES

At June 30, 2023, accounts receivable included the following:

Employer Retention Credits	\$209,940
Title I Grant	190,033
Other	<u>20,625</u>
	<u>\$420,598</u>

NOTE 5 – COMPENSATED ABSENCES

Employees of the School are entitled to paid vacation and sick days depending on length of services. The School's policy is to recognize the cost of vacation days when earned by the employee. The value of unused vacation days was determined to be immaterial and therefore no accrual has been made.

NOTE 6 – LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2023 was as follows:

Notes Payable

The School has a line of credit for \$300,000 with a local bank and has drawn down \$255,000, at June 30, 2023. The Line of credit bears interest of 6% per annum. A member of the Board of Directors has advanced the school \$98,513. The loan is non-interest bearing and is due upon demand.

SUNCOAST SCHOOL FOR INNOVATIVE STUDIES, INC.
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR
ENDED JUNE 30, 2023

NOTE 7 – LEASES

The School has lease arrangements for certain equipment that typically do not extend beyond five years and generally contain one year renewal options, none of which are reasonably certain of exercise. The School’s lease arrangements may contain both lease and non-lease components. The School has elected to combine and account for lease and non-lease components as a single lease component for its leases.

The School leases its administrative and classroom facilities under a operating lease that expires in May 2026.

The School made \$197,178 of fixed cash payments related to operating leases for the year ended June 30, 2023.

The following table shows lease expense details for the year ended June 30, 2023:

Lease expense	
Operating lease expense	\$ 197,178
Total	\$ 197,178

The following table shows other important lease information:

Other information

Cash paid for amounts included in the measurement of lease liabilities	
Operating cash flows from operating leases	194,114
ROU assets obtained in exchange for new operating lease liabilities	665,070
Weighted-average remaining lease term in years for finance leases	2.88 years
Weighted-average discount rate for finance leases	5.79%

Lease liability maturities as of June 30, 2023, are as follows:

YEAR ENDED	
JUNE 30,	
2024	193,271
2025	183,996
2026	168,663
2027-2028	-
Total undiscounted cash flows	545,930
Less: present value discount	(41,478)
Total lease liabilities	504,452

NOTE 8 – DEFERRED REVENUE

Deferred revenue of \$35,000 are funds contributed but held for the purchase of a school bus at June 30, 2023.

SUNCOAST SCHOOL FOR INNOVATIVE STUDIES, INC.
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR
ENDED JUNE 30, 2023

NOTE 9 – RETIREMENT PLAN

The School has a 401(k) Profit Sharing Plan for its employees. Active participants may elect to contribute, on a tax deferred basis, a portion of their compensation not to exceed the maximum allowed by law. The School matches contributions equal to a percentage of the eligible employees compensation. For the year ended June 30, 2023, the School made contributions to the Plan totaling \$7,702.

NOTE 10 – COMMITMENTS AND CONTINGENCIES

Risk Management

The School is exposed to various risks of loss related to theft, damage to, and destruction of assets, errors and omissions; injuries to employees; and natural disasters.

The School purchases commercial insurance for all material risks of loss to which the School is exposed, including general liability, property, automobile and workers compensation. A review of the last thirteen years reveals that settled claims have not exceeded insurance coverage.

The School receives funding from the State of Florida based on the number of full time equivalent (FTE) students who attend the Charter School. The data is compiled by the School and is subject to audit by the State and if errors are found this could result in amounts having to be repaid to the State or decrease in future allocations. Management believes that the amounts that would have to be remitted to the State due to errors in their FTE count would not be material to the financial position of the School.

NOTE 11 – SUBSEQUENT EVENTS

Management has evaluated events that occurred subsequent to the year end for potential recognition or disclosures in the financial statements, through the date on which the financial statements were available to be issued. The date when the financial statements were available to be issued was September 15, 2023. Management's evaluation did not reveal any subsequent events that would have a material effect on the financial statements.

Mark Escoffery, P.A.

Certified Public Accountant

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board Members of Suncoast School for
Innovative Studies, Inc.
Sarasota, Florida

I have audited the financial statements of Suncoast School for Innovative Studies, Inc., (“the School”) (a nonprofit organization) as of and for the year ended June 30, 2023, and have issued my report thereon dated September 15, 2023. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing my audit, I considered the School’s internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School’s internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the School’s internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

To the Board Members of Suncoast School for
Innovative Studies, Inc.
Sarasota, Florida
Page 2

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under ***Government Auditing Standards***.

This report is intended solely for the information and use of the Board Members, Management, others within the School and Federal Awarding Agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Palm Beach Gardens, Florida
September 15, 2023

Mark Escoffery, P.A.

Certified Public Accountant

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MANAGEMENT LETTER

To the Board of Directors of Suncoast School for
Innovative Studies, Inc.
Sarasota Florida

Report on the Financial Statements

I have audited the financial statements of Suncoast School for Innovative Studies, Inc., Florida, as of and for the fiscal year ended June 30, 2023, and have issued my report thereon dated September 15, 2023.

Auditor's Responsibility

I conducted my audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.850, Rules of the Auditor General.

Other Reports and Schedules

I have issued my Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*.

Prior Audit Findings

Section 10.854(1)(e)1., Rules of the Auditor General, requires that I determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no findings and recommendations made in the preceding annual financial audit report.

Official Title

Section 10.854(1)(e)5, Rules of the Auditor General, requires the name or official title of the entity. The official title of the entity is Suncoast School For Innovative Studies, Inc.

MANAGEMENT LETTER (continued)

Financial Condition

Section 10.854(1)(e)2., Rules of the Auditor General, require that I report the results of my determination as to whether or not Suncoast School For Innovative Studies, Inc., has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with my audit, I determined that Suncoast School For Innovative Studies, Inc. did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.854(1)(e)6.a. and 10.855(12), Rules of the Auditor General, I applied financial condition assessment procedures for Suncoast School For Innovative Studies, Inc. It is management's responsibility to monitor Suncoast School For Innovative Studies, Inc.'s financial condition and my financial condition assessment was based in part on representations made by management and the review of financial information provided by same. Financial assessment made did not indicate that the School's financial condition is deteriorating.

Transparency

Sections 10.854(1)(e)7. and 10.855(13), Rules of the Auditor General, require that I report the results of my determination as to whether Suncoast School For Innovative Studies, Inc., maintains on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes. In connection with my audit, I determined that Suncoast School For Innovative Studies, Inc., maintained on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes.

Other Matters

Section 10.854(1)(e)3., Rules of the Auditor General, requires that I address in the management letter any recommendations to improve financial management. In connection with my audit, I did not have any such recommendations.

Section 10.854(1)(e)4., Rules of the Auditor General, requires that I address noncompliance with provisions of contract or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with my audit, I did not have any such findings.

Purpose of this Letter

My management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the Board of Directors, applicable management, and the School District of Sarasota County and is not intended to be and should not be used by anyone other than these specified parties.



Mark Escoffery, P.A.
September 15, 2023